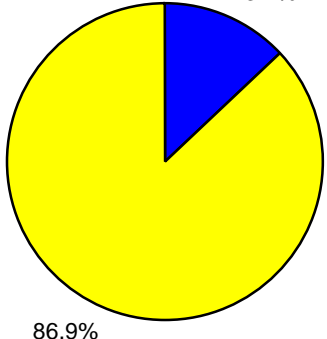


Housing and Community Development

38-01-Affordable Housing Production and Preservation

Agency 38 - All Funds	TOTAL CAPS	Department of Housing and Community Development
Personnel Services	\$1,446,832	<p style="text-align: center;">CAPS Percentage of Agency Total</p>  <p style="text-align: center;">86.9%</p> <p style="text-align: center;">13.1%</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> ■ Affordable Housing Production and Preservation ■ All Other Agency CAPS </div>
Operating Expenses	\$2,831,120	
Recovered Costs	\$0	
Capital Equipment	\$0	
Other	\$3,984,516	
Total CAPS Cost:	\$8,262,468	
Federal Revenue	\$6,060,397	
State Revenue	\$0	
User Fee Revenue	\$447,627	
Other Revenue	\$2,286,559	
Total Revenue:	\$8,794,583	
Net CAPS Cost: *	\$(532,115)	
Positions/SYE involved in the delivery of this CAPS	19/19	

*The total Net CAPS Cost of \$(532,115) includes the Fund 001, General Fund, amount of \$265,904 and an amount of \$(798,019) in Fund 946, an FCRHA non-appropriated fund, representing revenue received for repayments of loans previously provided to FCRHA Capital Projects. The net CAPS Cost savings in Fund 946 are available for loans to future Capital Projects for affordable housing.

Housing and Community Development

The following tables identify the expenditure, revenue and position information from the various Department of Housing and Community Development Funds which comprise this CAPS.

Agency 38 - All Funds	Fund 001	Fund 142	Fund 145	Fund 940
Personnel Services	\$265,904	\$389,053	\$138,140	\$653,735
Operating Expenses	\$0	\$643,366	\$598,477	\$0
Recovered Costs	\$0	\$0	\$0	\$0
Capital Equipment	\$0	\$0	\$0	\$0
Other	\$0	\$1,440,133	\$1,344,383	\$0
Total CAPS Cost:	\$265,904	\$2,472,552	\$2,081,000	\$653,735
Federal Revenue	\$0	\$2,472,552	\$2,081,000	\$0
State Revenue	\$0	\$0	\$0	\$0
User Fee Revenue	\$0	\$0	\$0	\$447,627
Other Revenue	\$0	\$0	\$0	\$206,108
Total Revenue:	\$0	\$2,472,552	\$2,081,000	\$653,735
Net CAPS Cost:	\$265,904	\$0	\$0	\$0
Positions/SYE involved in the delivery of this CAPS	4/4	5/5	1/1	9/9

Housing and Community Development

Agency 38 - All Funds	Fund 144	Fund 946	Fund 948
Personnel Services	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$1,589,277
Recovered Costs	\$0	\$0	\$0
Capital Equipment	\$0	\$0	\$0
Other	\$1,200,000	\$0	\$0
Total CAPS Cost:	\$1,200,000	\$0	\$1,589,277
Federal Revenue	\$0	\$0	\$1,506,845
State Revenue	\$0	\$0	\$0
User Fee Revenue	\$0	\$0	\$0
Other Revenue	\$1,200,000	\$798,019	\$82,432
Total Revenue:	\$1,200,000	\$798,019	\$1,589,277
Net CAPS Cost:	\$0	\$(798,019)	\$0
Positions/SYE involved in the delivery of this CAPS	0/0	0/0	0/0

Housing and Community Development

► CAPS Summary

Affordable housing has become a critical issue in Fairfax County. Average rents are now well above \$990 per month for all unit types and are expected to continue to rise in the townhouse and single-family rental categories.

Job growth has been exceptional during the last five years, with 32,000 jobs created in 2000 in Fairfax County. This factor alone has attracted many new households to the area. Further, the healthy economy and the proximity of this County to the nation's capital has drawn immigrants and refugees here. The Department of Housing and Community Development's (HCD) waiting list is often used to exemplify the dramatic need for affordable housing in the County. The combined program waiting list has reached its highest level to date. Currently, there are approximately 7,500 applicants on the Public Housing and Housing Choice Voucher (Section 8) waiting lists.

A critical factor contributing to the housing crisis is that housing production did not keep pace with the phenomenal job growth, and only 511 units of affordable housing were supplied through the Affordable Dwelling Unit Ordinance during the period of significant job growth. Furthermore, one out of seven families has a critical affordable housing need, meaning that these families spend more than 50 percent of their income for housing. However, affordable housing programs offered by HCD or other private or non-profit organizations serve only 29 percent of the families in income levels that are at or below 50 percent of the metropolitan median income.

HCD, under the leadership of the Board of Supervisors and the Fairfax County Redevelopment and Housing Authority (FCRHA), has undertaken a 12-month strategy to develop and preserve affordable housing and engage corporate leadership in the endeavor. The strategy is called "e-affordable.fairfax!" and is a significant initiative for HCD this fiscal year. The Board of Supervisors has a stated goal: "that opportunities should be available to all who live or work in Fairfax County to purchase or rent safe, decent affordable housing within their means." This goal is mirrored by the strategic direction established by the FCRHA. The mission of the FCRHA is "to initiate and provide opportunities for Fairfax County residents to live in safe, affordable housing and to help develop, preserve, and revitalize communities through fiscally responsible and open processes."

At the direction of the Board of Supervisors and the FCRHA, HCD provides staff-support to the FCRHA and is the primary implementing agency for most housing-related programs in the County. HCD works in conjunction with the FCRHA toward achieving the goal set by the Board. HCD provides development, technical assistance, and financing services to facilitate affordable housing production and preservation by both for-profit and non-profit community partners. HCD also pursues partnerships with investors, the philanthropic community, and State and Federal agencies. The objective of these partnerships is the creation of capital investment and non-County financial support for the HCD/FCRHA mission and for strengthening the viability and capacity of development organizations.

Housing and Community Development

Fund 001: General Fund

Fund 001 provides funding for administrative oversight of the Development and Real Estate Finance Division, administration of the Affordable Dwelling Unit (ADU) Program, and architectural design support for the Revitalization Division. Staff provides supervision, direction and guidance to the division, and clerical support. For the ADU program, staff supports the Affordable Dwelling Unit Advisory Board (ADUAB), tracks the units produced under the program, and determines cash contributions. Staff prepares site and building schematics, participates in negotiations with developers, makes public presentations, and acts as liaison to County officials and other County departments providing architectural and urban design assistance. Four positions are supported through an allocation of \$265,904 in Fund 001 for FY 2002.

Fund 142: Community Development Block Grant

In FY 2002, a total of \$2,472,552 in Federal Community Development Block Grant (CDBG) funds has been appropriated for payments on the County's Section 108 loans (\$583,000), the proposed Magnet Housing development (\$775,000), housing for seniors and/or the disabled (\$600,000), accessibility modifications to FCRHA buildings (\$60,000), the housing relocation program (\$271,740) (3 positions), support for housing development activities of HCD/FCRHA (\$177,679) (2 positions), and a small contingency fund (\$5,133).

Fund 144: Housing Trust Fund

Fund 144, Housing Trust Fund, was created in FY 1990 to reflect the expenditures and revenues of funds earmarked to encourage and support the preservation, development and redevelopment of affordable housing. The Housing Trust Fund is administered by the FCRHA which develops eligibility criteria, accepts and reviews applications, and forwards recommendations for funding to the Board of Supervisors. The Board retains control of the final allocation of funds. In FY 2002, a total of \$1.2 million is appropriated as a planning factor based on anticipated proffer and interest income.

To date, this fund has supported the development of Senior Housing at Manchester Lakes, Herndon, and Gum Springs. These funds made possible one of the first mixed income (Public Housing/Fairfax County Rental Program) properties, and have also been used in support of first time homeownership units. This fund is utilized by the FCRHA, non-profit sponsors, and private developers, and is intended to promote endeavors that will provide affordable housing opportunities for low- and moderate- income individuals and families in Fairfax County. This is achieved through a number of methods including the structuring of low cost debt and/or the infusion of equity capital. The use of this fund was expanded in 1996 to include pre-development funding for the purpose of determining project feasibility and performing preliminary studies necessary to define viable development strategies.

For the most part, Housing Trust Fund revenues are derived from cash contributions proffered by developers in lieu of the provision of Affordable Dwelling Units. However, in FY 2001 the Board made a special allocation of \$2 million to expand the availability and use of predevelopment funding and to establish the Affordable Housing Partnership Fund including \$1.9 million in Fund 144 and \$100,000 in Fund 340, Housing Assistance Programs.

Housing and Community Development

Fund 145: HOME Investment Partnership Grant

Fund 145 is used to support the development and preservation of properties using funds from the Federal HOME Investment Partnership Program (HOME). These funds are allocated on an annual basis to eligible participating jurisdictions based on a formula-based system. The County's FY 2002 grant is \$2,081,000, and these funds support this program area. The HOME program has been used to make projects affordable to more lower income families and seniors than would have been possible without the funds. These funds have been used in family housing construction, acquisition of scattered site units, senior housing and down payment assistance for first time homebuyers. A local match of 25 percent is required for this program, but the match can come from any housing project that is HOME-eligible, without regard to funding source. Given the layering of eligible financing mechanisms that is characteristic of FCRHA projects, the use of HOME funding by Fairfax County seldom requires the use of local General Fund dollars.

Fund 940: FCRHA General Operating

Fund 940 is used to account for FCRHA real estate holdings that are not reflected in one of the other FCRHA funds or in partnership holdings. This fund includes all FCRHA revenues generated by financing fees earned from issuance of bonds, monitoring and services fees charged to developers, investment income, project reimbursements, consulting fees, and ground rents on land leased to developers. Revenues support operating expenses for the administration of the private activity bonds.

Fund 940 reflects the revenue-producing capacity of the FCRHA. This capacity provides the County with the opportunity to develop and operate housing and/or service programs that, by the nature of whom they serve, cannot be self-sustaining. The use of FCRHA revenues for this purpose allows the County to broaden its array of services while minimizing the demands placed on the General Fund.

Two recent trends indicate a shift in the use of this fund away from operating support and toward a greater emphasis on capital expenditure. Escalating land and development costs, coupled with a growing demand for more specialized (and more costly) housing products (e.g. senior independent living and assisted living), have made it necessary to infuse projects with increasingly larger equity contributions. This is because rents targeted toward low-income seniors cannot support higher debt. Stated another way, development revenues that were previously used to offset the operating costs of other FCRHA programs must now be left in the developments in order to achieve affordability. In FY 2002, \$653,735 in funding through Fund 940 supports nine positions, associated operating costs, and capital expenditures that are either not covered or only partially covered by other program funding.

Fund 946: FCRHA Revolving Development

Fund 946 is the primary source for initial, short-term funding for housing projects that will ultimately be financed by other Federal, State, or private financing mechanisms. Initial costs, such as site investigations, preliminary architectural and engineering work, and market analyses, are often necessary to define the ultimate direction and scope of development projects. Since such determinations must precede the development of final financing plans, a source of preliminary financing is often essential. However, unlike pre-development funding (see Housing Trust Fund), the use of revolving development funds is predicated on the probability that a project will move to completion and that project revenues will support permanent financing sufficient to repay revolving funds. No new funding is budgeted in Fund 946 for FY 2002. Some carryover funds are available for program costs.

Housing and Community Development

Fund 948: FCHRA Private Financing

In addition to Federal, State and local government funding sources, the FCRHA also utilizes private financing to implement projects. In addition to both family and senior residential developments, the FCRHA's financing authority has been used to finance County recreation centers, senior centers, adult day care centers, and a Head Start facility. The FCRHA has also used its financing capacity to support the private sectors' development activities in return for a portion of units at reduced rents. FCRHA-developed properties require an extensive layering of both public and private funds. The reputation of the FCRHA has resulted in the successful use of private funds to leverage the public funds. The sale of tax credits to private investors is a significant source of project equity that is used to leverage public dollars. For the nine most recent properties developed by the FCRHA using tax credits along with other sources of private financing, the ratio of private to County dollars has been 12:1.

Funding of \$1,589,277 in Fund 948 for FY 2002 represents a contribution from Fund 142, CDBG and from the Lake Anne Condominium Association for payments on the County's Section 108 loans, plus other loan and financing repayments.

Fund 948, FCRHA Private Financing, was established to budget and report costs for capital projects which are supported in full or in part by funds borrowed by the FCRHA through the issuance of notes and/or bonds, or through the use of equity financing received through the sale of Federal low-income housing tax credits. In the latter form of financing, the FCRHA usually serves as the managing general partner of an investment partnership created specifically for project financing purposes. In these cases, it will hold only a minor ownership position, selling the balance (e.g. 99.9 percent) to private investors who derive the benefit of tax credits in exchange for equity contributions to the project. The FCRHA retains the management and oversight of the projects as well as responsibility for compliance with tax credit regulations. Fund 948 makes it possible to include the accounting for the receipt and disbursement of private funds within the County financial system.

► Method of Service Provision

Services under this program area are provided by regular County employees, as well as through outside architects, engineers, and contractors. HCD staff provides architectural design services, land planning and design support to the revitalization division, construction monitoring, land acquisition, project financing and individual loans for the Home Improvement Loan Program. Capital formation is an important part of the work of the division and includes structuring public/private partnerships in addition to attracting private sector investment in FCHRA projects.

Normal hours of operation extend from 8:00 a.m. to 4:30 p.m. Monday through Friday. However, HCD staff often meet with individual citizens, neighborhood groups, the Board of Supervisors, the FCRHA and other boards, commissions, or organizations before and after regular business hours and on weekends.

Housing and Community Development

► Performance/Workload Related Data

Title	FY 1998 Actual	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 Estimate
Affordable Housing completed or under development (units)	589	563	623	589	501
HILP Loans	44	74	33	37	40
Projects Financed	\$17.335M	\$11.880M	\$1.870M	\$1.333M	\$18.017M

► User Fee Information

Subobject Code	Fee Title	FY 2002 ABP Fee Total
0615	Financing Fee	\$43,200
Current Fee		Maximum Allowable Fee Amount
Purpose of Fee: Compensation for services related to tax exempt bonds issued by the FCRHA for a privately owned affordable housing development		
	Requirements to Change the Fee	Year Fee Was Last Adjusted
FCRHA	For new projects – approval of FCRHA	
Other Remarks:		

Subobject Code	Fee Title	FY 2002 ABP Fee Total
0616	Monitoring Fee	\$369,141
Current Fee		Maximum Allowable Fee Amount
Purpose of Fee: Annual fees earned by FCRHA for monitoring compliance of certain privately owned affordable housing developments with the requirements of tax-exempt bond issues and/or other regulatory documents.		
Levy Authority	Requirements to Change the Fee	Year Fee Was Last Adjusted
FCRHA	For new projects – approval of FCRHA	
Other Remarks: Revenue from this source is declining as compliance periods for current projects end and as volume of FCRHA tax exempt housing bond issues has declined.		

Housing and Community Development

Subobject Code	Fee Title	FY 2002 ABP Fee Total
0617	Servicing Fee	\$35,286
Current Fee		Maximum Allowable Fee Amount
.5% of insured mortgage balance		.5% of insured mortgage balance
Purpose of Fee: FCRHA share of mortgage insurance premium for affordable housing developments insured through the FHA Local Housing Finance Agency risk-sharing program.		
Levy Authority	Requirements to Change the Fee	Year Fee Was Last Adjusted
HUD/FCRHA	Revision of HUD program regulations.	
Other Remarks:		